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FACT SHEET

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Reorganizing To Meet Global Trade Challenges

The U.S. Department of Agriculture's (USDA) Foreign Agricultural Service (FAS) has the primary responsibility for USDA's international activities. Its staff of over 700 employees is stationed in Washington, DC, and in about 80 countries around the world. The agency works to expand and maintain exports for U.S. agricultural, fish, and forest products; supports international economic development and trade capacity building, and improve the sanitary and phytosanitary (SPS) system to facilitate trade.

Since the agency was established in 1953, the world agricultural trade picture has changed significantly. In 1953, U.S. agricultural exports were \$2.8 billion and imports were \$4.3 billion. In 2005, our exports were \$62.4 billion and our imports were \$57.7 billion. Then, six of our top 10 export markets were in Western Europe. Now, Canada and Mexico, our NAFTA partners, account for one-third of our total agricultural exports, and our fastest growing markets are in Asia, developing countries, and our own hemisphere. Then, wheat, cotton and tobacco leaf accounted for up to 60 percent of total U.S. agricultural export value. Today, more than 60 percent of our export value comes from consumer-oriented and intermediate products.

Over the years, many events have changed the work of the agency, but there has been no comprehensive reorganization. Congress has authorized new programs such as the Market Access Program and the McGovern Dole Food for Education Program, to name just two. As the landmark Uruguay Round Agreement for Agriculture phased out traditional tariffs and quotas, countries turned increasingly to new technical barriers to trade in agriculture.

Market maintenance activities now require scientific expertise on a regular basis and FAS must work closely with many agencies—within and outside USDA—on a wide variety of complex issues. Ten years ago, some of the toughest issues we are dealing with today—bovine spongiform encephalitis, avian influenza, and biotechnology—were not even on the radar screen. Negotiations for a new multilateral trade round and an unprecedented number of other trade agreements have increased analytical and policy work significantly. In 2004, a Government Accountability Office (GAO) report called for strengthening government-wide efforts to monitor and enforce trade agreements. In addition, trade capacity building activities have expanded as the agency works with countries new to the world trading system.

To address these changes and challenges and to comply with the goals of President Bush's management agenda, in 2004, FAS began a top-to-bottom review of what the agency does, how effective it is, and what it could do better. Some of the concerns on the table included: effectively supporting the agriculture sector during trade agreement negotiations; developing strategies in response to the emergence of "giants" like China and Brazil; and managing the trade impact of international food safety scares like AI and BSE. The review process included input from employees, private sector trade groups, and program participants. This effort pointed out the need for a new strategic focus for FAS and a realignment of functions and personnel to increase the effectiveness of the agency.

Goals of Reorganization

The reorganization will focus on inherently governmental activities such as:

- Build on the FAS strength in commodity analysis to do a better job of analyzing how U.S. exports may be affected by developments such as foreign import bans, new trade agreements, and new technologies like biotechnology and biofuels.
- More effectively link the country expertise of FAS overseas offices with an increased focus in Washington on key countries and regions.
- Provide program participants with better, streamlined, and transparent service.
- Group staff members, who are now scattered throughout the agency working on various aspects of trade barrier removal, into single work units with coherent missions.
- Strengthen FAS' ability to monitor and enforce trade agreements and to support to the dispute settlement

efforts of the U.S. Trade Representative's Office.

- Place special emphasis on identifying and resolving SPS issues that affect trade.
- Provide better support, both at home and abroad, to USDA regulatory agencies that are essential partners in resolving foreign SPS issues.
- Focus USDA international development and trade capacity work on building relationships with foreign governments for quicker informal solutions to trade disruptions.

Realignment in Three Key Areas

Based on the organizational review, it became clear that the agency's primary functions fall into three key areas: policy, programs, and operations.

Under the policy function, there will be four major organizational components.

- The **scientific and technical affairs** group will provide the industry with a portal for issues related to SPS, technical barriers to trade (TBT), and market access work. USDA will provide a lead role as the U.S. enquiry point under the World Trade Organization's SPS Agreement and will prepare and track foreign country submissions for U.S. SPS determinations.
- A **country and regional affairs** section will develop strategies to support bilateral negotiations and informal dispute settlement processes. The group will analyze agricultural, trade, macroeconomic and financial policies, and country positions on issues under negotiations. This group will provide focused analysis on key countries and regions of the world and will provide a strong link to the

expertise of FAS' unique network of overseas offices.

- **Trade policy, negotiations and agreements** staff, in consultation with USTR, will develop trade policy and strategy for international trade negotiations. This area will monitor trade agreement compliance, providing support for dispute settlements. The group will also help coordinate USDA policy positions in international organizations.
- A **policy and program analysis** area will focus on cross-cutting analysis to support USDA's trade agenda. The analysis will be on programs, policy and industry-wide issues. This is also where FAS will manage its global commodity and production, supply, and demand data and analysis.

The program areas will concentrate on trade capacity building and agricultural development in developing nations and will administer export and import programs.

- In keeping with the President's National Security Strategy, a **trade capacity and development** group will carry out activities that are in line with international economic development goals. The group will operate trade, science, and regulatory capacity building projects, including training and technical assistance

programs. The group will also support USDA's post-conflict, post-disaster reconstruction efforts.

- **Export and import programs** staff will administer programs that support marketing efforts, especially those carried out by the U.S. private sector, including the Market Access Program, the Foreign Market Development Program, Trade Assistance for Specialty Crops, and the Quality Samples Program. It will also administer the export credit guarantee, food aid, and Dairy Export Incentive Programs. Import programs include those for sugar, dairy, and trade assistance.

The operations area will include support for Foreign Service and Washington headquarters staff.

The Office of the Administrator will include the civil rights office.

What's Next?

FAS is in the process of putting a reorganization proposal together in accordance with the departmental regulation (DR-1010) that governs major organization changes at USDA. Approval for changes could come by middle to late summer 2006, with implementation planned by the beginning of fiscal year 2007.

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